

Message Text

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SUBJ: PRESIDENT'S NEW YEAR ADDRESS TO THE NATION - HIGHLIGHTS

REF: CARACAS 0003 AND 0004

1. ANNUAL NEW YEAR'S MESSAGE DELIVERED BY PRESIDENT PEREZ JANUARY 1 STRESSED VENEZUELA'S ECONOMIC PROSPECTS AND PROGRESS MADE DURING PAST YEAR. GENERAL TONE OF MESSAGE WAS ONE OF SATISFACTION WITH ACHIEVEMENTS OF HIS ADMINISTRATION DURING 1976 AND OPTIMISM CONCERNING FUTURE ECONOMIC OUTLOOK FOR VENEZUELA.

2. PEREZ DESCRIBED 1976 AS THE THIRD CONSECUTIVE YEAR OF EXPANSION FOR THE COUNTRY, WITH A 9 PERCENT INCREASE IN THE LEVEL OF INTERNAL ECONOMIC ACTIVITY. WHILE ADMITTING THAT THE AGRICULTURAL SECTOR HAD NOT PERFORMED UP TO EXPECTATIONS, HE DENIED THIS RESULTED FROM GOVERNMENT POLICIES AND ATTRIBUTED PRODUCTION SHORTFALLS TO POOR WEATHER AND OTHER NATURAL PROBLEMS. HE PROMISED INTENSIFIED EFFORT TO IMPROVE AGRICULTURAL SECTOR PERFORMANCES DURING COMING YEAR. INFLATION HAD BEEN BROUGHT UNDER CONTROL AT LAST, BUT NEW MEASURES TO COMBAT THIS CONTINUING PROBLEM WOULD BE IMPLEMENTED DURING THE COMING YEAR.

3. PRESIDENT WAS ESPECIALLY EFFUSIVE WHEN OUTLINING DEVELOPMENTS IN THE PETROLEUM SECTOR DURING 1976. DESCRIBING THE PAST YEAR AS AN "ECONOMIC AND CONSERVATIONIST
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TRIUMPH" FOR THE INDUSTRY, HE SAID VENEZUELA HAD DEMONSTRATED ITS ABILITY EFFICIENTLY TO EXPLOIT ITS OIL RESOURCES TO THE BENEFIT OF THE NATION, AND PROMISED THAT FIRST PHASE OF RATIONALIZATION OF THE INDUSTRY WOULD BE COMPLETE WITHIN THE NEXT FEW MONTHS. HE DEFENDED THE NATIONALIZATION DECISION ON ECONOMIC AS WELL AS POLITICAL GROUNDS, SAYING THE COUNTRY WAS FINANCIALLY BETTER OFF NOW.

4. PEREZ MAINTAINED OPEC WAS IN NO DANGER OF SPLITTING UP DESPITE THE "BRUTAL STRATEGY" OF SOME "DEVELOPED COUNTRIES," AND DESCRIBED THE ORGANIZATION AS A "GRAND INSTRUMENT FOR CREATING A NEW INTERNATIONAL ECONOMIC ORDER." HE SAID VENEZUELAN OIL WOULD CONTINUE TO BE SOLD AT PRICES DETERMINED BY OPEC AND IN QUANTITIES DECREED BY THE GOV. HE ANNOUNCED LATIN AMERICAN COUNTRIES WHICH IMPORT VENEZUELAN OIL HAVE BEEN OFFERED CONCESSIONAL FINANCING TO COVER 10 PERCENT INCREASE IN PRICE OF VENEZUELAN OIL.

5. THE PRESIDENT MENTIONED, ALMOST IN PASSING, HIS RECENT TRIP ABROAD AND EXPRESSED DISAPPOINTMENT AT THE LACK OF PROGRESS AT THE CIBC MEETINGS, A SITUATION HE ATTRIBUTED TO "LACK OF POLITICAL WILL" OF THE DEVELOPED COUNTRIES TO CONDUCT DIALOGUE AND REACH AGREEMENT. HE WARNED THAT 1977 WAS DECISIVE AND THAT THE DEVELOPED COUNTRIES HAD TO DEMONSTRATE THEIR UNDERSTANDING OF THE SITUATION AND ACT ACCORDINGLY. HIS ONLY OTHER COMMENT ON FOREIGN POLICY WAS HIS REFERENCE TO PRESIDENT FORD'S PUERTO RICAN STATEHOOD PROPOSAL (SEE REFS).

6. PEREZ TOUCHED ONLY BRIEFLY ON INTERNAL POLITICAL DEVELOPMENTS DURING HIS SPEECH. HE WARNED THE NATION OF THE DANGER OF POLITICAL CORRUPTION AND ASKED FOR HELP IN PUTTING AN END TO THE PROBLEM. TO BOLSTER THE GOVERNMENT'S FIGHT AGAINST CRIME AND DELINQUENCY, HE ASKED FOR CONGRESSIONAL APPROVAL OF THE POLICE COORDINATION LAW, (WHICH HAS LANGUISHED IN COMMITTEE FOR MORE THAN TWO YEARS) AND WHICH WOULD UNIFY THE NATION'S POLICE FORCES (AND SPLIT OFF THE NATIONAL GUARD FROM THE ARMED FORCES). COMMENT: ALTHOUGH PEREZ WAS EXTREMELY OPTIMISTIC CONCERNING LIMITED OFFICIAL USE

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VENEZUELA'S ECONOMIC PROSPECTS, SPEECH WAS ESSENTIALLY DEFENSIVE IN NATURE AND EXHORTED VENEZUELAN'S TO INCREASED EFFORT IN VARIOUS AREAS. HISTORICALLY, IT WAS HARD FOR PEREZ TO MATCH THE PUNCH AND DRAMA

THAT CHARACTERIZED HIS NEW YEAR'S DAY ADDRESSES OF 1975 AND 1976 DELIVERED IN BOLIVAR AND ZULIA STATES WHEN HE ANNOUNCED THE NATIONALIZATION OF THE IRON AND PETROLEUM INDUSTRIES RESPECTIVELY. ALSO, IN CONTRAST TO HIS PREVIOUS NEW YEAR'S MESSAGES, THE PRESIDENT WAS ABLE TO ANNOUNCE ALMOST NOTHING NEW AND IMAGINATIVE TO THE VENEZUELAN PEOPLE BEYOND: A NEW NUTRITIONAL SUPPLEMENT PROGRAM AVAILABLE TO CHILDREN UNDER SIX; NEW ANTI-INFLATIONARY MEASURES, AND INTENSIFIED EFFORTS AGAINST DELINQUENCY. RECENT PUBLIC OPINION POLLS SHOW THAT THREE THEMES OF MOST CONCERN TO VENEZUELAN VOTERS ARE: THE HIGH COST OF LIVING; UNEMPLOYMENT, AND DELINQUENCY. END COMMENT. VAKY

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